

SFMS User Group Meeting Minutes

February 15, 2005
Veteran's Auditorium

Meeting started at 8:30am

Trudy Vidal welcomed those present. Karen Morin was introduced as the new job rotation agency support analyst. Then Trudy introduced Roy Turnbaugh, the state archivist.

1. Archive Requirements / Retentions

Roy Turnbaugh prefaced his remarks by saying that the person who usually did these presentations was not able to be here, and since he is management he may not be able to answer any detail questions, but would get them answered for us. He explained that out of the whole universe of records that are created, only 3% have a permanent value. The other 97% get destroyed somewhere along the line. That is where the 'scheduling' and retention come in.

Paper records are really durable – particularly when kept in a controlled environment – humidity, ultra-violet light, regulated temperature. Exceptions to this can come from some ink that eats holes in paper – 'lacing', and old paper made from wood fibers, which is acidic. Paper made from 'rags' is better. Roy then shared with us an old account book – still legible after 167 years!

Oregon became a state in 1859 – and records from around this time until about 1920 are considered 'old'. Starting in the 1920's records became more specialized. The problem of volume began after WWII. Another problem that arose is the adequacy of documentation. More business was conducted on the phone, either in part or in whole, and was not created the way it would have been if letters, memos or telegrams had been used. The results would be available but not the who, why etc.

Another positive benefit of paper is that it resists change. Fraud and forgery are relatively easy to spot.

In the mid 20th century, the existence of massive paper records led the feds to create the 'record management' agency, which may or may not have helped the situation.

Electronic records on a computer – the benefit is that they require less space. The HUGE drawback is that they must have a compatible machine to be accessible. And with the technology advances just in the last 20 years, this has already caused concerns. There are 5 ¼" disks in the archives that require a machine to be read. How can records be kept electronically? To keep them readable the records would have to be migrated to new media, which would require super-human organizational skills to not miss any. The pricetag is

enormous to keep these records readable, and the results are not guaranteed. There is no museum of technology with older technology in working order.

Microfilm records are good because they do not depend on a rapidly changing technology to be read. They also take little space compared to paper records.

The retention schedules are determined by review of federal CFR's, statute and admin rules.

Handout 1) there is no handout for this topic

2. Expired Warrants / Due Diligence

Cheryl Gladden explained the difference between dormant accounts and unclaimed property.

- Dormant accounts – If you have a current relationship with the vendor (employee or company) the warrant is for a dormant account.
- Unclaimed Property – any financial asset being held for a person or entity that cannot be found.

Dormant accounts are not submitted to State Lands.

Steps to Good Records

- Identify dormant accounts
- Record due diligence efforts
- Maintain records associated with the Outstanding Warrant Report (DAFR8161)

Due Diligence

- Property valued at \$100 or greater
- At least one attempt
 - Letter Samples
 - Phone Calls
 - Directory Search
 - Electronic resources
- The above criteria are the minimum requirements. Agencies may develop their own criteria. State Lands performs due diligence on property valued at \$50 or greater, and makes two attempts for each.
- Due Diligence needs to be done at least 60 days before the warrants are due to expire – June 30th of each year. This will give the payees time to contact the agency for questions or resolution.

Due Diligence Attempt

- Include DSL Information (see attached handout)
- Keep a record of attempt
- Disclaimers
 - 'Money not owed to me'

Research Items Identified

- Accounting Errors
- Warrant should have been voided
- Reimbursements to current employees
- Reimbursements to other state agencies
- Credit balances for current vendors
- Computer conversion glitches

Cheryl's Check List

- **Perform due diligence**
 - Minimum requirements: Value = \$100 or greater; make at least one attempt to contact the vendor.
 - Reports
 - Agencies can request the DAFR8161, OUTSTANDING WARRANTS REPORT, on a monthly basis.
 - DAFR314 – a calendar month report that is mailed after fiscal month end close.
 - Operating under the assumption that it will be easier to contact the vendor 6 months after the warrant is written, rather than almost two years later, attempt to contact the vendor and find out what is going on. If the warrant remains uncashed, this attempt counts towards your due diligence!
- **Document your efforts – Retain for three years**
 - When you send a form letter to vendors, keep a list of addresses and one copy of the letter.
 - Keep returned envelopes with notations of steps taken to determine better address.
- **Write procedures to maintain compliance**
 - Whether you decide to follow the minimum requirements or be more aggressive when trying to locate payees, you must have written procedures.
 - Keep your procedures updated and make sure they are followed!
www.oregonstatelands.us

Handout #2 – Expired Warrants.ppt.

Handout #2a – Expired Warrants.doc

3. Payment Control / Cancel Archive

The archive project is scheduled for Friday, March 4th.

'P' PAID - records will be removed from the tables for period prior to FY 7-01-02.

'C' CANCEL - records will be removed from tables for period prior to FY 7-01-02.

'R' REWRITE-warrants will be removed from tables for period prior to FY 7-01-02.

'I' ISSUED will not be affected.

'E' EXPIRED – records will be removed from tables with an expire date prior to 11/30/2004.

Handout 3) #3 payment control and cancel archive.doc

4. Financial Table Archive

The objective for the 2005 financial archive project is to archive financial data up to and including June 31, 2001. As was done last year, we will be removing some **Capital Construction** data consistent with the logic described under the capital construction section. We will be maintaining required information on SFMA and provide historical information on the Data Mart.

We will be running the archive program the weekend of April 22nd. **SFMA is scheduled to be down through Wednesday, April 27th**. There is the possibility of early system restoration. Agencies should not rely or plan on an early restoration. While the system is down SFMS will issue daily updates on the status of the Archive. Not having access to the system will require some advance planning. While the system is down, SFMA processes will not occur, specifically.

1. No Warrants or SFMA ACHs will be produced.
2. No interface files will be processed.
3. No transactions will post as the IT file will be inactivated.
4. Treasury redemption will not process.

The handout includes more detail information about the tables affected by this archive project. There are steps you may need to take – please read the handout!!

Handout 4) #4 2005 Financial Archive Project.doc

5. 1099-MISC Update

Terry presented the updated 1099MISC timelines. She is quite pleased that our electronic submittal gives us more time for corrections before submitting to IRS. The 2004 1099-MISC file will be electronically submitted at the end of April.

Handout 5) #5 1099MISC timelines.doc

6. Military Donated Leave Program

Please use this website if you have any questions about this program.

<http://www.das.state.or.us/DAS/HR/militarydonatedleave.shtml>

Handout 6) A three page handout was distributed and can be obtained at the website listed above the header PROGRAM ADMINISTRATION and is entitled "Agency / DAS process".

<http://www.das.state.or.us/DAS/HR/docs/advice/mdlprocessoverview.pdf>

7. E-Reporting in R*Stars

E-Reporting is coming!!

Please see the attached handout to see the status of the project.

One of the discussions at the user group meeting was about printing from the e-reports. In the beginning reports printed from the e-reports will not be monitored. This will enable agencies to determine which of their reports works best as an e-report, and which should remain as a paper copy. The printing of just the final page or total page will not be a problem. There will be more information about this as implementation gets closer. There is still a lot of programming to be written. Agencies will want to continue receiving their control reports on fiche. This will not change.

Handout) #7 – E Reporting in RStars.doc

8. DAFM355 Creation of New Year Profiles

Handout 8) #8 – DAFM355 Overview.doc

Handout 8a) #8a – Creation of New Year Profiles (Prof2).doc

9. OUS Vendor Profile Consolidation

Anyone who has tried to find the appropriate mail code for the Oregon University System (OUS) will appreciate this project!

SFMS Operations has started the research to clean up the Oregon University System vendor number 93-6001786. This profile currently has over 500 active mail codes. The Chancellor's Office and the individual universities have been contacted by SFMS staff. We are requesting guidance from the Universities regarding appropriate addresses for sending payments.

The handout explains notification to the agencies.

Handout) #9 - OUS Vendor Profiles.doc

10. 1099-MISC Program / Process Changes

SFMS Operations is looking at a change in the way payments are coded either reportable or non-reportable. A focus group will be gathered to decide how to make this whole process easier and more accurate for everyone.

11. Roundtable Discussion.

There was a question presented by Virginia Barker – she was told that the agency could not encumber grants – and was unaware of where this came from.

The answer was provided on sfms news by Jean Gabriel:

The Oregon Accounting Manual defines encumbrances as obligations in the form of purchase orders or contracts which are chargeable to an

appropriation or limitation for which a part of the appropriation or limitation is reserved. Furthermore, OAM policy 20.20.00.PO section .108 specifies, "Transactions resulting in charges to the following categories should not be encumbered: salaries and wages, reimbursements, interagency charges, special payments, or debt service." **Grant payments are typically recorded as special payments.**

In OAM 20.20.00, we suggest users refer to OAM 15.80.00 PO on Commitments. In Section .105 of OAM 15.80.00.PO, it states that long-term contracts associated with grants, loans, leases, or capital construction are typical commitments.

In summary, policy in the Oregon Accounting Manual indicates that grants should not be encumbered; instead, grants should be disclosed by agencies at fiscal year end as "commitments" on their general disclosure forms so that these commitments can be included in the notes to the CAFR financial statements.

It is important to note that the definition of "encumbrances" in the OAM was not changed when the budgetary accounting and reporting policies were updated as of October 1, 2004. If agencies are just now becoming aware that grants should not be encumbered, it would appear that these agencies were unfortunately not aware of existing state policy prior to October 1, 2004.

We hope this information is helpful to clear up any confusion.

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Next Meeting: Tuesday, May 17, 2005, 8:30 – 10:00
Location: Veteran's Department Auditorium
700 Summer St NE